

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1232-02
Bill No.: HB 555
Subject: Health Care; Health Department; Science and Technology; Tobacco Products
Type: Original
Date: February 20, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Life Sciences Research	\$0 to (\$369,543)	\$0 to (\$422,560)	\$0 to (\$423,778)
Total Estimated Net Effect on <u>All</u> State Funds*	\$0 TO (\$369,543)	\$0 TO (\$422,560)	\$0 TO (\$423,778)

*Does not include grant expenditures and auditing costs.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **University of Missouri** and the **Office of State Treasurer** assume this proposal would not fiscally impact their agency.

Office of Secretary of State (SOS) officials state this proposal creates the Life Sciences Research Program and Board. SOS states that based on experience with other divisions, the rules, regulations, and forms issued by the Life Sciences Research Board could require as many as 42 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes, and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The fiscal impact of this proposal in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Health (DOH)** state that information about the absolute value of the award would be needed for generating an accurate projection on the revenue and expenditure impact given its nature, an award program. Following are costs anticipated by the Department of Health, subject to appropriation: 1) One Public Health Manager (\$51,888) would provide direction and leadership to the program and to the Board. One Management Analyst II (\$43,308) would provide expertise in the development of grants and contracts for bidding and awarding the funds. The Clerk IV (\$26,460) would provide support to the Public Health Manager and the Management Analyst II. The Research Analyst III (\$40,716) would provide the expertise for establishing protocols for research, evaluating the merits of the applications for research received and provide technical assistance to the grantees for ensuring the protocols are adhered to. The Attorney (\$53,000) would review rules and regulations to implement the program and responsibilities of the board and provide expertise regarding the intellectual property rights as described in the proposal, and review all grant applications and awards for propriety and compliance with the law and regulations. The Clerk Typist II (\$20,472) would support the Research Analyst III and the Attorney and provide backup to the Clerk IV. Board costs are based on the following operational costs for each board member per board meeting: \$65 per night lodging, \$45 per day meals, \$75 mileage round trip. Four two-day meetings per

year are estimated. 7 members x \$65 lodging, \$90 meals, \$75 mileage = \$1,610 x 4 meetings = \$6,440 annually for the first year with 8 two day meetings thereafter. No inflation has been
ASSUMPTION (continued)

assessed for board costs. In addition, the Life Sciences Citizen Committee costs were calculated using the same method using 6 two-day meetings for the first year. Costs for this committee would not continue after the first year. DOH applies an indirect cost rate to all non General Revenue funds in accordance with the negotiated rate from the federal government.

Officials from the **State Auditor's Office (SAU)** assumed one additional Staff Auditor II (\$35,000) and related expense and equipment would be needed to perform the duties of this proposal.

Oversight has not included any grant costs due to the reimbursement being subject to appropriation. In addition, **Oversight** has also not reflected any auditing costs due to expenditures being subject to appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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LIFE SCIENCES RESEARCH FUND

Cost - Department of Health

Personal services (6 FTE)	\$0 to (\$201,450)	\$0 to (\$247,784)	\$0 to (\$253,978)
Fringe benefits	\$0 to (\$67,143)	\$0 to (\$82,586)	\$0 to (\$84,651)
Expense and equipment	<u>\$0 to (\$100,950)</u>	<u>\$0 to (\$92,190)</u>	<u>\$0 to (\$85,149)</u>
Total <u>Cost</u> - Department of Health	<u>\$0 to (\$369,543)</u>	<u>\$0 to (\$422,560)</u>	<u>\$0 to (\$423,778)</u>

ESTIMATED NET EFFECT ON LIFE SCIENCES RESEARCH FUND*

<u>\$0 TO</u>	<u>\$0 TO</u>	<u>\$0 TO</u>
<u>(\$369,543)</u>	<u>(\$422,560)</u>	<u>(\$423,778)</u>

***Does not include grant expenditures and auditing costs.**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses would expect to be fiscally impacted to the extent they may receive grant-in-aids and incur additional expenses as a result of this proposal.

DESCRIPTION

This proposal would create the Life Sciences Research Program in the Department of Health. The program would be administered by the Director of the Department of Health based on the recommendation of the Life Sciences Research Board. In its main provisions, the proposal would: (1) establish a seven-member Life Science Research Board and would specify the composition of board members, terms of selection and length of service for board members, residency requirements of board members, and the procedures pertaining to filling board vacancies and the appointment of additional board members; (2) authorize the board to issue conflict of interest guidelines pertaining to the administration and operation of the program and actions of board members. Board members would be prohibited from making decisions to award any grants which could lead to a conflict of interest; (3) require the board to use moneys in the Life Sciences Research Fund for the purposes of establishing quality research and specify the research agenda of the program; (4) contain provisions concerning the acceptance and approval of applications to award grants for the purpose of conducting research; (5) contain provisions which specify the powers of the board; (6) specify the use of "remaining funds" which are unexpended moneys the board has received; (7) contain provisions pertaining to the creation of program rules; (8) contain provisions pertaining to the establishment of the Centers for Excellence for Life Science Research in Missouri; (9) require that the centers appoint a steering committee and specify the duties of the committee; (10) require the Governor to initially appoint a seven-member Life Sciences Citizens Committee and specifies the duties of the committee. The duration of the committee and the selection of committee members are stated; (11) create the Life Sciences Research Fund in the state treasury and specify the use of the fund; (12) require the board to obtain an annual financial audit from the State Auditor or from an outside certified public accounting firm; (13) contain provisions pertaining to timely disclosure of research findings to the scientific community and the retaining of all rights, including copyrights and intellectual property rights; and (14) contain a provision pertaining to the severability of sections.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health
Office of Secretary of State
Office of State Treasurer
University of Missouri
Office of State Auditor

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director

February 20, 2001